



SENATE REPUBLICAN

POLICY COMMITTEE

## Legislative Notice

No. 32

October 1, 2007

### **H.R. 3222 – Department of Defense Appropriations Bill, FY 2008**

Calendar No. 353

*On September 14, 2008, the Committee on Appropriations reported H.R. 3222, with an amendment in the nature of a substitute, by a vote of 29-0. S. Rept. 110-155.*

#### **Noteworthy**

- H.R. 3222 provides \$459.33 billion in new budget authority for the Department of Defense, which is \$3.55 billion below the Administration's request but \$43.22 billion above the FY07 enacted level, excluding supplemental funding.
- Major funding differences include \$968.7 million below the Administration's request for Operation and Maintenance accounts; \$1.40 billion below the Administration's request for Procurement accounts; and \$339.6 million below the Administration's request for Research, Development, Test, and Evaluation accounts.
- H.R. 3222 does not provide the \$146.1 billion in additional appropriations related to the Global War on Terror that was requested by the Administration.
- H.R. 3222 provides funding for a 3.5-percent, across-the-board pay raise for military personnel, which is 0.5 percent above the budget request.
- On July 30, 2007, the House passed H.R. 3222, its version of the FY08 Defense Appropriations bill, by a vote of 395-13.
- The White House Statement of Administration Policy did not include a veto threat for the House version of H.R. 3222.

## Highlights

(in billions)	<b>President's Request</b>	<b>House-passed Amount</b>	<b>Senate-reported Bill</b>
<b>Title I Military Personnel</b>	\$ 105.40	\$ 105.02	\$ 105.52
<b>Title II Operation and Maintenance</b>	142.85	137.13	141.89
<b>Title III Procurement</b>	99.62	99.61	98.23
<b>Title IV Research, Development, Test and Evaluation</b>	75.12	76.23	75.38
<b>Title V Revolving and Management Funds</b>	2.45	3.84	2.40
<b>Title VI Other Department of Defense Programs</b>	25.75	26.10	26.32
<b>Title VII Related Agencies</b>	.97	.95	.97
<b>Title VIII General Provisions (net)</b>	.05	-.21	-2.03
<b>Title IX Additional Provisions</b>	146.10	0.00	0.00
<b>Title X Other Appropriations</b>	11.10	10.88	10.88
<b>TOTAL<sup>1</sup></b>	\$ 609.41	\$ 459.33	\$ 459.33

## Bill Provisions

### **Title I – Military Personnel**

Title I provides \$105.52 billion for the Department's Military Personnel, which is \$118.6 million above the Administration's request and \$5.66 billion above the FY07 enacted-level. This funding provides basic pay, retired pay accrual, employers' contribution for Social Security taxes, basic allowance for housing and subsistence, special and incentive pay, permanent change of station travel, and other personnel costs for the uniformed members of the Armed Forces.

<b>Military Personnel (in millions)</b>	<b>FY07 Appropriation</b>	<b>President's Request</b>	<b>Committee- reported</b>
Army	29,813.9	31,623.9	31,734.1
Navy	22,776.2	23,305.2	23,338.8
Marine Corps	9,174.7	10,278.0	10,291.8
Air Force	23,564.7	24,097.4	24,155.1
Army Reserve	3,364.8	3,734.6	3,672.4

<sup>1</sup> Figure totals were taken from S. Rept. 110-155. Any difference in the totals is due to rounding.

Navy Reserve	1,756.0	1,797.7	1,802.0
Marine Corps Reserve	541.8	594.9	595.4
Air Force Reserve	1,335.8	1,370.5	1,368.9
Army National Guard	5,209.2	5,959.1	5,947.4
Air National Guard	2,325.8	2,642.4	2,616.6
<b>Total</b>	<b>99,862.9</b>	<b>105,403.7</b>	<b>105,522.3</b>

## Title II – Operation and Maintenance

Title II provides \$141.89 billion for Operation and Maintenance, which is \$968.7 million below the Administration's request, but nearly \$14.60 billion above the FY07 enacted level. Significant spending accounts include:

**Operation and Maintenance:** Provides \$139.85 billion for the armed forces and defense agencies to prepare for and conduct combat and peacetime missions, which is \$1.1 billion below the Administration's request, but \$14.40 billion above the FY07 enacted level. Funds are divided between the Army, Navy, Marines, and Air Force, their respective Reserves, Defense-Wide, the Army National Guard, and the Air National Guard. Funds are used for purposes such as purchasing fuel and spare parts for training operations and repair of weapons and facilities.

<b>Operations and Maintenance (in millions)</b>	<b>FY07 Appropriation</b>	<b>President's Request</b>	<b>Committee-reported</b>
Army	24,208.4	28,925.0	28,598.6
Navy	30,954.0	3,334.7	33,150.4
Marine Corps	3,811.4	4,961.4	5,061.6
Air Force	30,458.9	33,655.6	32,599.3
Defense-Wide	20,035.2	22,574.3	22,445.2
Army Reserve	2,160.2	2,508.1	2,510.3
Navy Reserve	1,275.8	1,186.9	1,187.2
Marine Corps Reserve	209.0	208.6	208.7
Air Force Reserve	2,617.6	2,692.1	2,816.1
Army National Guard	4,711.4	5,840.2	5,800.9
Air National Guard	5,009.2	5,042.0	5,471.7
<b>Total</b>	<b>125,451.1</b>	<b>140,928.8</b>	<b>139,850.1</b>

**Overseas Contingency Operations Transfer Account:** The Committee did not include funding for the Administration's \$5.0 million request for an Overseas Contingency Operations Transfer Account.

**U.S. Court of Appeals for the Armed Forces:** Provides \$12.0 million for salaries and expenses for the U.S. Court of Appeals for the Armed Forces, which fully funds the Administration's request and is \$250,000 above the FY07 enacted level.

**Environmental Restoration:** Provides \$1.51 billion for environmental restoration, which is \$55.0 million above the Administration's request and \$121.3 million above the FY07 enacted level. The funds specifically are provided to: Army, Navy, Air Force, Defense-Wide, and Formerly Used Defense Sites.

<b>Environmental Restoration (in millions)</b>	<b>FY07 Appropriation</b>	<b>President's Request</b>	<b>Committee-reported</b>
Army	403.8	434.9	444.9
Navy	302.2	300.6	300.6
Air Force	402.4	458.4	458.4
Defense-Wide	27.9	12.8	12.8
Formerly Used Defense Sites	254.4	250.2	295.2
<b>Total</b>	<b>1,390.6</b>	<b>1,456.9</b>	<b>1,511.9</b>

**Overseas Humanitarian, Disaster, and Civic Aid:** Provides \$63.3 million for Overseas Humanitarian, Disaster, and Civic Aid, which is \$40.0 million below the Administration's request, but \$96,000 above the FY07 enacted level.

### **Title III – Procurement**

Title III provides \$80.96 billion for Procurement, which is \$1.96 billion below the Administration's request, but \$5.18 billion above the FY07 enacted level. Significant spending accounts include:

**Army:** Provides \$23.06 billion for **Army** procurement, which is \$692.9 million below the Administration's request, but \$7.65 billion above the FY07 enacted level.

<b>Army Procurement (in millions)</b>	<b>FY07 Appropriation</b>	<b>President's Request</b>	<b>Committee-reported</b>
Aircraft Procurement	3,502.5	4,179.8	4,274.0
Missile Procurement	1,279.0	1,645.5	1,757.0
Weapons and Tracked Combat Vehicles	1,906.4	3,090.0	3,122.9
Ammunition	1,719.9	2,190.6	2,209.0
Other Procurement	7,004.9	12,647.1	11,697.3
<b>Total</b>	<b>15,412.6</b>	<b>23,753.0</b>	<b>23,060.1</b>

**Navy and Marine Corps:** Provides \$37.43 billion for **Navy and Marine Corps** procurement, which is \$1.29 billion below the Administration's request, but \$7.29 billion above the FY07 enacted level.

<b>Navy and Marine Procurement (in millions)</b>	<b>FY07 Appropriation</b>	<b>President's Request</b>	<b>Committee- reported</b>
Aircraft Procurement, Navy	10,393.3	12,747.8	12,599.7
Weapons Procurement, Navy	2,573.8	3,084.4	3,094.7
Ammunition Procurement, Navy and Marine Corps	767.3	760.5	1,058.8
Shipbuilding and Conversion, Navy	10,579.1	13,656.1	13,205.4
Other Procurement, Navy	4,927.7	5,470.4	5,376.5
Procurement, Marine Corps	894.6	2,999.1	2,091.9
<b>Total</b>	<b>30,135.8</b>	<b>38,718.2</b>	<b>37,427.1</b>

**Air Force:** Provides \$33.43 billion for **Air Force** procurement, which is \$388.9 million below the Administration's request, \$1.32 billion above the FY07 enacted level.

<b>Air Force Procurement (in millions)</b>	<b>FY07 Appropriation</b>	<b>President's Request</b>	<b>Committee- reported</b>
Aircraft Procurement	11,643.4	12,393.3	12,133.9
Missile Procurement	3,914.7	5,131.0	4,920.2
Ammunition Procurement	1,054.3	868.9	854.2
Other Procurement	15,493.5	15,421.2	15,517.1
<b>Total</b>	<b>32,105.8</b>	<b>33,814.4</b>	<b>33,425.4</b>

**Defense-Wide Procurement:** Provides \$3.25 billion for **Defense-Wide** procurement, which is \$72.0 million below the Administration's request, but \$343.6 million above the FY07 enacted level.

**National Guard and Reserve Equipment:** Provides \$1.00 billion for **National Guard and Reserve Equipment**, which is \$1.00 billion above the Administration's request and \$710.0 million above the FY07 enacted level.

**Defense Production Act Purchases:** Provides \$65.1 million for Defense Production Act Purchases, which is \$46.5 million above the Administration's request and \$1.0 million above the FY07 enacted level.

## **Title IV – Research, Development, Test and Evaluation**

Title IV provides \$75.38 billion for Research, Development, Test and Evaluation (RDT&E), which is \$264.85 million above the Administration's request, but \$339.56 million below the FY07 enacted level. Significant spending accounts include:

**Army RDT&E:** Provides \$11.36 billion for Army RDT&E, which is \$765.4 million above the Administration's request and \$300.0 million above the FY07 enacted level. Included in this funding is \$3.60 billion for the Army's Future Combat System.

**Navy RDT&E:** Provides \$17.47 billion for Navy RDT&E, which is \$396.7 million above the Administration's request, but \$1.20 billion below the FY07 enacted level. \$637.5 million is for the DD(X) program, the Navy's next-generation destroyer.

**Air Force RDT&E:** Provides \$26.16 billion for Air Force RDT&E, which is \$641.1 million below the Administration's request, but \$1.56 billion above the FY07 enacted level. The recommended funding includes \$240.0 million to continue development of an alternative engine for the F-35, Joint Strike Fighter.

**Defense-Wide RDT&E:** Provides \$20.30 billion for Defense-Wide RDT&E, which is \$256.1 million below the Administration's request and \$987.3 million below the FY07 enacted level. Included in this funding is \$8.49 billion for missile defense, which is \$900.0 million below the FY07 enacted level.

**Operational Test and Evaluation, Defense:** Provides \$180.3 million for independent activities of the Director of Operational Test and Evaluation, which is equal to the Administration's request and \$5.2 million below the FY07 level.

## **Title V – Revolving and Management Funds**

Title V provides \$2.40 billion for Revolving and Management Funds, which is \$56.9 million below the Administration's request and \$39.5 million below the FY07 enacted level. This funding includes \$1.35 billion for Defense Working Capital Funds and \$1.04 billion for the National Defense Sealift Fund.

## **Title VI – Other Department of Defense Programs**

Title VI provides \$26.32 billion for a range of Department programs. This funding includes: \$23.49 billion for the Defense Health Program, which is \$948.9 million above the President's request and \$2.27 billion above the FY07 enacted level, of which \$150.0 million is for peer-reviewed breast cancer research; \$1.52 billion for Army Chemical Agents and Munitions Destruction; \$962.6 million for Drug Interdiction and Counter-Drug Activities; and \$226.0 million for the Office of the Inspector General.

## **Title VII – Related Agencies**

Title VII provides \$971.9 million for several related agencies. This funding includes: \$262.5 million for the Central Intelligence Agency Retirement and Disability System Fund, and \$709.4 million for the Intelligence Community Management Account.

## **Title VIII – General Provisions**

Title VIII includes proposals that have been incorporated into previous appropriations bills, provisions requested by DoD, and new provisions. Title VIII also includes \$653.3 million in rescissions.

Notable sections include:

- Section 8009 provides, among other things, that multiyear procurement contract authority may be used for:
  - M1A2 Abrams System Enhancement Package Updates;
  - M2A3/M3A3 Bradley Upgrades; and
  - SSN Virginia Class Submarine.
- Section 8028 provides that DoD may not expend funds unless it complies with the Buy American Act in expending those funds.
- Section 8043 prohibits the use of funds for assistance to North Korea unless specifically appropriated for that purpose.
- Section 8058 provides that no funds may be used to approve or license the sale of the F-22A advanced tactical fighter to any foreign government.
- Section 8077 provides that \$155.6 million in RDT&E, Defense-Wide funds shall be made available for the Arrow missile defense program, of which:
  - \$37.4 million shall be available for the purpose of the production of Arrow missiles and missile components; and
  - \$42.0 million shall be available for the purpose of the initiation of a joint feasibility study addressing Short Range Ballistic Missile Defense.

## **Title IX – Additional Appropriations**

The Administration requested \$146.10 billion in additional appropriations for costs related to the Global War on Terror. The Committee did not provide any funding for this account with the intention to debate Iraq funding at a later date. Also, it is expected that the Administration will amend this supplemental request upwards by approximately \$42 billion.<sup>2</sup>

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### **Administration Position**

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A Statement of Administration Policy (SAP) on the bill as reported by the Senate Appropriations Committee was not available at press time.

On August 2, the Administration released a SAP on the House-reported bill, H.R. 3222. The Administration supported House passage of H.R. 3222 but expressed concerns about some of the funding priorities in H.R. 3222.

Also, the Administration noted concerns about the general trend of the FY08 appropriations bill, stating, “The President has proposed a responsible plan for a balanced budget

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<sup>2</sup> This amendment does not include additional funding for the State Department which appears in the State-Foreign Operations Appropriations Bill.

by 2012 through spending restraint and without raising taxes. To achieve this important goal, the Administration supports a responsible discretionary spending total of not more than \$933 billion in FY 2008, which is a \$60 billion increase over the FY 2007 enacted level. While the Administration appreciates that the House bill comes close to the President's request, the Democratic Budget Resolution and subsequent spending allocations adopted by the House Appropriations Committee exceed the President's discretionary spending topline by \$22 billion, causing a 9 percent increase in FY 2008 discretionary spending."

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## **Cost**

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The Committee, in consultation with the Congressional Budget Office, estimates that the bill provides \$459.33 billion in discretionary budget authority and \$263.0 million in mandatory budget authority.

H.R. 3222 would result in the following outlays:

FY 2008	\$312.409 billion
FY 2009	\$100.499 billion
FY 2010	\$28.683 billion
FY 2011	\$9.236 billion
FY 2012 and future years	\$7.488 billion

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## **Possible Amendments**

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Amendments are anticipated but none were known at press time.